

REPORT FOLLOW-UP

AGENCY: IDAHO SCHOOL FOR THE DEAF AND THE BLIND

On October 23, 2003, the Legislative Services Office released a Management Report on Internal Control for the Idaho School for the Deaf and the Blind for fiscal years 2001 and 2002. The School was contacted on January 30, 2004, and this follow-up report addresses how the School has responded to the three findings and recommendations contained in that report.

STATUS OF RECOMMENDATIONS:

Finding #1: The School discontinued the development of an information technology project after expending \$80,000. The School began implementing an Internet-based course delivery system, called Optischool, in September 2001. However, because the School did not implement good project development, the State Board of Education directed the School to stop the project. Good project development includes reviewing costs and benefits, setting priorities, reviewing options, setting time frames and completion schedules, and getting user input and support.

We recommended that, before proceeding with any further information technology projects, the School implement good project development methodology and obtain project approval from the State Board of Education and the State's Information Technology Resource Management Council.

Audit Follow-up: The School has terminated the project and all employees related to the project have been laid off. The School stated that it will complete proper planning, analysis, and documentation for future information technology projects and will obtain project approval from the State Board of Education and the Information Technology Resource Management Council.

Status: CLOSED

Finding #2: The School did not follow State laws and policies when it gave vehicles and furniture to the Idaho School for the Deaf and the Blind Foundation. The Foundation sold the property and deposited the proceeds of about \$10,500 in the Foundation's bank account. There was no evidence, such as a title transfer, to show that the School's interest in the property was actually transferred to the Foundation. State policies prohibit transferring items of value to charitable organizations, and require that any proceeds from surplus property disposal be deposited to the agency's operating fund. Additionally, the School did not comply with Board of Examiners' policies when it failed to notify other public entities that vehicles were available and again when it sold some vehicles to School employees.

We recommended that the School obtain the net sale proceeds from the Foundation and deposit the money into the School's operating fund. We also recommended that any future surplus property disposals follow all applicable laws and regulations.

Audit Follow-up: The School has received the net sale proceeds from the Foundation and will ensure compliance with laws and policies when disposing of surplus property in the future.

Status: CLOSED

Finding #3: The School's accounting and compliance with laws and regulations could be improved.
For example:

1. Supervisors do not complete travel vouchers as required by Idaho law. Without travel vouchers, the School cannot determine whether State reimbursement amounts were exceeded or that reimbursed travel costs were allowable.
2. Employees do not include hotel and other travel costs paid with State purchasing cards (P-cards) on travel expense vouchers. This makes it difficult to determine whether P-card purchases were valid State expenditures and that the School complied with State travel policies.
3. The School paid more than \$2,600 in moving expenses for three new employees without the required approval of the State Board of Examiners.
4. The School sends checks to the State Treasurer's Office in Boise instead of depositing them in the State Treasurer's bank account in Gooding, as it does for all its cash collections. Depositing checks at the bank in Gooding will help ensure deposits are completed in a timely manner.
5. The School does not always ensure that expenditure transactions have been properly approved. Two of twenty expenditure vouchers and six of eight P-card statements were not approved by supervisors, and others were approved with signature stamps, providing little assurance that the transactions were reviewed and approved by a supervisor.

We recommended that the School: (1) comply with State travel policies and reference P-card purchases to travel vouchers; (2) comply with the State Board of Examiners' moving policies; (3) deposit all collections in the State Treasurer's bank account in Gooding; and (4) ensure expenditure transactions are properly reviewed and approved.

Audit Follow-up: The School requires supervisors to complete travel vouchers and references P-card travel purchases to them, deposits all collections into the State Treasurer's bank account in Gooding, and requires that all expenditure transactions be reviewed and approved by supervisors and the fiscal officer. The School also stated it would comply with the Board of Examiner's moving policies in the future.

Status: CLOSED